

**BOARD OF REGENTS PRESENTATION  
TO  
LEGISLATIVE FISCAL COMMITTEE: PURCHASING  
December 20, 2011**

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Board of Regents Purchasing Efficiency Reports

Thank you for the opportunity to share Regent efficiency efforts with you. Today, we will review Regent cooperative procurement and operational efficiencies and introduce other planned Regent efforts.

Procurement in higher education exists to support the strategic mission of our institutions by achieving best value and functionally supporting its research, teaching, outreach, and patient care missions. We support major research initiatives; play a key role in revenue generating contracts; and partner within our respective institutions to achieve a competitive edge in the recruitment and retention of world-class students, faculty and staff. The regents institutions' purchasing staffs manage over \$1 Billion in spend annually. Our goals include maximizing Regent resources and providing economic opportunities for Iowa businesses. The search for cost and process efficiencies is a continuous pursuit and one we take seriously.

Historical Review of Regents/State Cooperation

The Regent Purchasing departments are very supportive of the continuing opportunity to work with other state agencies when opportunities for efficiencies and savings exist. To exemplify our spirit and tradition of cooperation, we were able to document the beginnings of interagency cooperation back to 1983. Over the years, we progressed from merely sharing best pricing contracts with each other and state agencies to aggregating and leveraging our spend through joint contracting. The Regent purchasing officers met quarterly over the years with DAS (formerly DGS), IDOT, IPI and ICN to discuss opportunities for joint contracting as well as efficiencies to operations by discussing common issues and sharing best practices in procurement and technology.

By 1989, regent institutions began developing joint cooperative contracts by combining Regent spend into single contracts. Joint regent contracting became a focused priority in 1992 at the Board of Regents' direction.

In 1994, The IBA was formed from efforts of the Iowa Business Council and Biotechnology Purchasing Committee which included a purchasing consortium. Some of the regent's best-in-class contracts were shared with the IBA for the benefit of all participating state agencies, regent institutions, and Iowa biotechnology companies. This joint effort achieved cost savings for many Iowa entities in contracts for office supplies, laboratory equipment and supplies, and casework. The regent institutions and state agencies also have a long history of collaborating on vehicle and fuel purchases. Joint procurement is truly a best practice and has provided all participants with substantial cost savings over the years.

### Cooperative Spending

The regent institutions have developed many cooperative agreements over time, many which allow use by other state agencies. We are currently utilizing 46 agreements which are either developed as a joint effort or pricing extended to other agencies.

Regent spend on joint contracting efforts grew to over \$330 million during FY11. In addition to our spend on joint contracts, the regent institutions also purchase from national higher education cooperatives and group purchasing organizations which are not represented in this figure. Even though the regent institutions were able to aggregate and leverage a great deal of our spend, we also were able to support the Iowa economy with nearly \$325 million in purchases from Iowa businesses. One casualty of leveraging spend are often small and local businesses who cannot compete against the multi-national corporations. Regent purchasing has always been sensitive to this phenomenon and works hard to achieve balance.

### Cooperative Contracts

This slide lists examples of the goods/services of our cooperative contracts. Some of these are regent specific to address higher education needs, some are either joint contracts with state agencies, others are Regent contracts open to state agencies.

We evaluate the benefits of joint contracting opportunities to determine if combining volume will provide better pricing and reliable service.

For FY 2011, Regent cost savings realized for the new collaborative contracts totaled \$997,396. Even more important than cost savings was having an emergency disaster response contract in place prior to the August 2010 flood at the ISU Campus. This enabled the university to respond quickly and appropriately.

For FY 2012, we anticipate cost savings for the joint Flex Spend Administration contract to be \$393,510 over the next 5 years and for the cell phone services contract to be approximately \$107,000/year.

### Operational Efficiencies

Regent institutions have focused on identifying and implementing cost efficiencies for many years. The budget reductions over the last decade have demanded achieving significant administrative efficiencies and the creation of efficiencies for our entire enterprise.

Regent greatest accomplishments have been operational efficiencies. We have improved our campuses through electronic & web-based technologies. Not only do these initiatives save time and money, they provide greater transparency and external supplier access. These solutions provide better access to our prime contracts, compliance, and pricing from suppliers.

The regent institutions also share these innovative solutions with the State so they can determine if they are applicable and beneficial to them.

### Planned Cooperative Efforts

We continue to meet in FY12, sharing best practices and probing for new opportunities to collaborate. The regent institutions are currently working on new initiatives for FY12, which include International Travelers Insurance and Emergency Evacuation/Repatriation Coverage for Study Abroad Programs. We are currently exploring new cooperative bids with state agencies for plumbing supplies and telecommunication supplies. If time permits, we may be able to evaluate the potential for audio visual equipment. In addition to these new projects, the scientific supply and casework contracts are being rebid as an IBA contract. Group Long Term Care Insurance for Regent institutions will be rebid during FY12.

There are challenges to the future of joint contracting. Since we have been developing cooperative contracts over the years, fewer opportunities exist. Particularly those opportunities to produce significant cost savings. Other challenges include the fact that we maintain buildings of different eras and construction requiring special materials and/or parts. We have unique educational and research programs and customer based needs. Some industry practices such as separate divisions for private, education, and government markets often create increased discounts for education markets. Higher Education also must be concerned about our customers. Our students and sponsors can walk away if we do not provide them with exceptional service.

Future new cost savings are expected to be minimal since we have already significantly benefited from the leveraging of our spend. The supplier community establishes pricing based on their risk of doing business. What we have discovered is pricing is not a function of volume alone. The national Education Advisory Board research along with research conducted at our universities, indicate that other factors may be more important than volume, i.e., market share commitment, prompt payment, fairness of buying entity, reasonableness of terms and conditions, shipment size & location, and needed services.

We continue to develop best practices in procurement along with operational efficiencies. Cooperating with state agencies has always been and continues to be a best practice.

# **BOARD OF REGENTS PURCHASING EFFICIENCY EFFORTS**

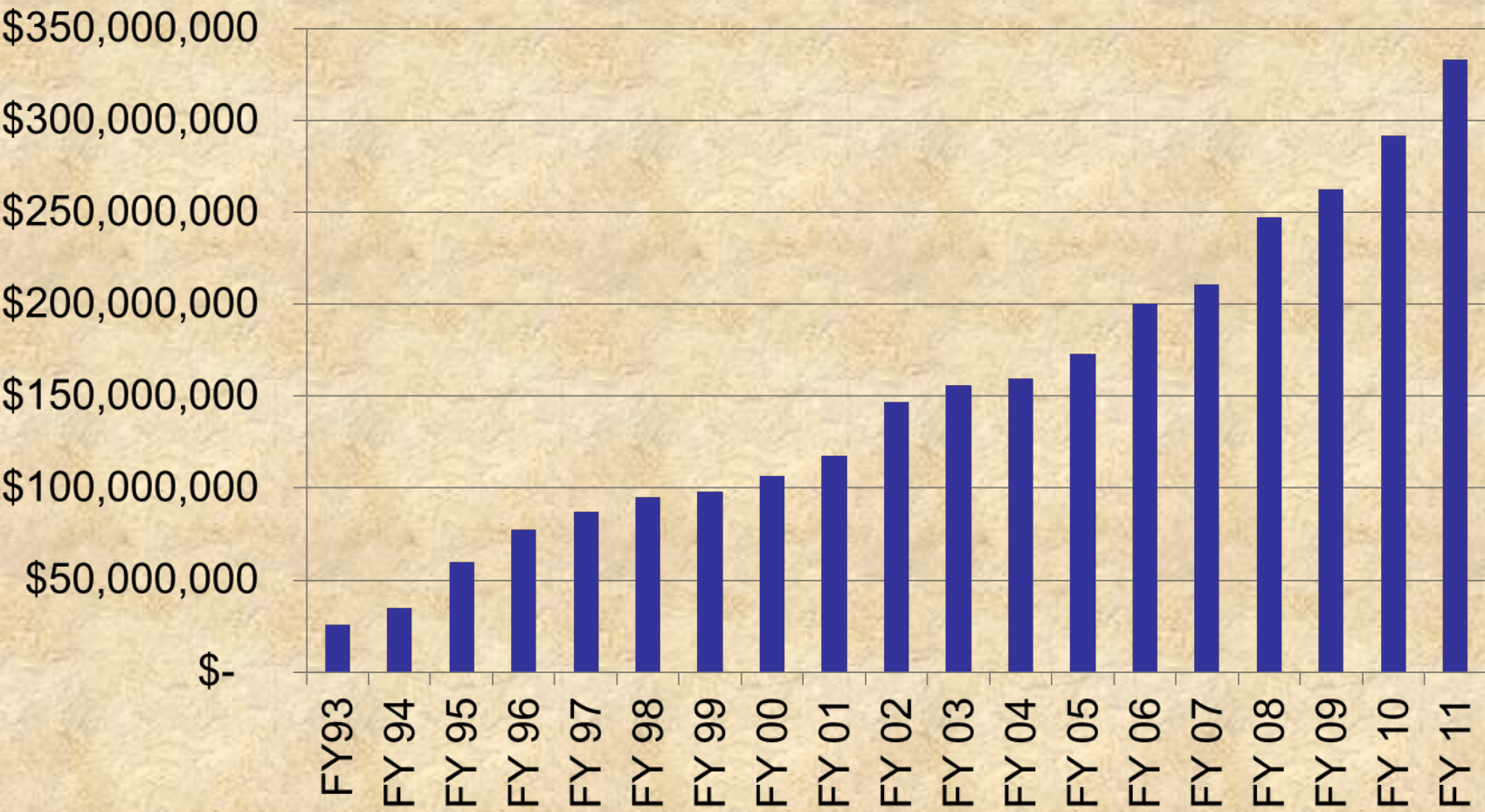
FOR  
LEGISLATIVE FISCAL COMMITTEE  
DECEMBER 20, 2011



# **HISTORICAL REVIEW REGENTS/STATE COOPERATION**

- FY 83: Cooperative Purchasing – Regents/State Agencies
- FY 86: Joint Regent Pricing Agreements
- FY 89: Joint Regent Cooperative Contracting
- FY 92: Regents Targeted Focus on Cooperative Spending
- FY 94: Joint Contracting through IBA

# COOPERATIVE SPENDING



# COOPERATIVE CONTRACTS

- Cellular Technology
- Flexible Spend Administration
- Office Furniture
- Emergency Disaster Response Services
- Equipment Maintenance Services
- VM Ware Software
- Green Cleaning Supplies
- Maintenance, Repair and Operational Supplies
- Computer Desktops/laptops
- Copiers
- Fleet Overflow Vehicle Rental
- Library Book Binding
- Office Supplies
- Laboratory Equipment, Supplies & Casework
- Hazardous Waste Disposal



# OPERATIONAL EFFICIENCIES

- Electronic & Web-Based Requisitions and Purchase Orders
- Procurement Card and Electronic Travel Systems
- Electronic Invoices and Payments
- Web-Based Market Place
- Electronic Catalogs
- Competitive Bid Systems
- Spend Analytics Tools
- Bid Documents are Publicly Available to Download by Bidders



# PLANNED COOPERATIVE EFFORTS

- International Travelers Insurance & Emergency Evacuation Services for Study Abroad Students
- Plumbing Supplies
- Telecommunication Supplies
- Audio Visual Equipment
- Dental Supplies
- Long Term Group Care Insurance

## **Regents Institutions**

Iowa Braille & Sight Saving School

Iowa School for the Deaf

Iowa State University

University of Iowa

University of Northern Iowa

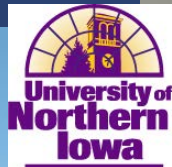


December 20, 2011

# IT Efficiencies at the Regents Universities

A photograph of the Iowa State University clock tower, partially obscured by trees with vibrant orange and red autumn foliage.

IOWA STATE UNIVERSITY







# IT at Regents Universities

- Most university activities are dependent on IT
- IT systems support a wide variety of activities and business processes
- IT is much more than e-mail
  - Computer classrooms and laboratories
  - High-performance computational research systems
  - Electronic medical records
  - Student courses, registration, grades
- Variety and integration lead to complex IT environments

# State and Regents Collaborative Activities

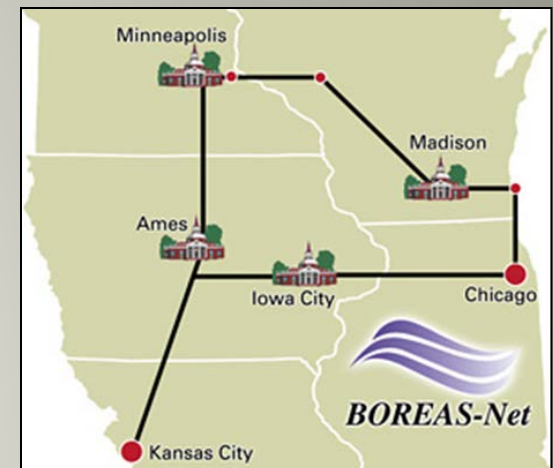


- Information technology security meetings
- Internet sharing agreement
- Software licensing review
- Collaborative purchasing
- Advice on building IT communities
- Facilities management application assessment



# University IT Efficiencies

- Implementing IT systems to streamline processes for:
  - Student information
  - Finance and travel
  - Research administration
  - Human resources
  
- Reduce costs on behind-the-scenes IT operations by:
  - Consolidating data centers and virtualizing servers
  - Establishing joint software licensing agreements
  - Increasing efficiency of desktop management
  - BOREAS regional optical network
  - Working with peers and educational consortia







# University of Northern Iowa

- Catered to an exponential growth in IT needs without growth in staffing
  - Example: The number of campus network data ports doubled in the past five years to 21,478
- Outsourced select services
  - Example: Outsourced email and collaboration tools to Google
- Partnered with University of Iowa and Iowa State University
  - Example: iFolio: a student e-portfolio system (UI)
  - Example: Offsiting of data backup servers (ISU)





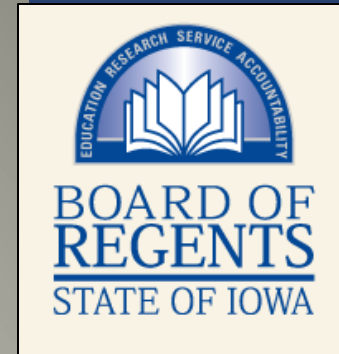
# Iowa State University

- Collaborative investments to enable discovery, student success, learning, and university leadership.
- Examples:
  - Consolidated 500+ physical servers with virtual servers; capacity for 700 more over 12-24 months
  - Over 2.5 Petabytes in central storage service supporting academic and business uses
  - Jointly managed enterprise services save \$300K/year in staff
  - Leverage higher education consortia: Internet 2 certificates and Net+ services
  - Common central software to manage desktop computers

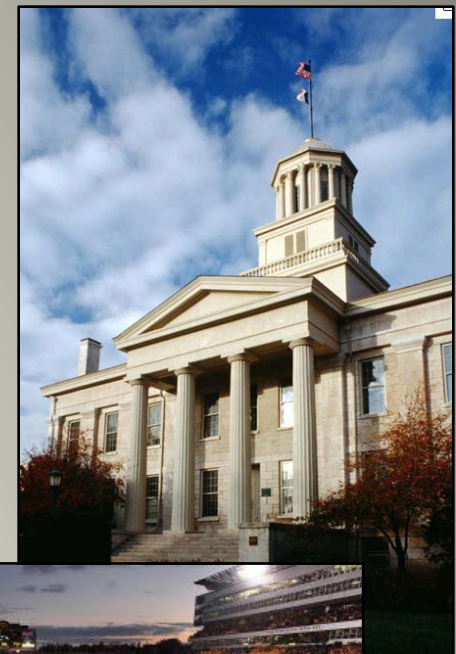




# The University of Iowa



- **High performance computational cluster**
  - Shared between 20 research groups
  - Increased utilization
  - Decreased power, cooling and staffing
- **Identity Management/HawkID**
  - One authoritative source for electronic identities
  - HawkID – one ID and password
- **Classroom technology**
  - Consistent, standardized technology
  - Greatly reduced staffing
  - Improved efficiency for instructors

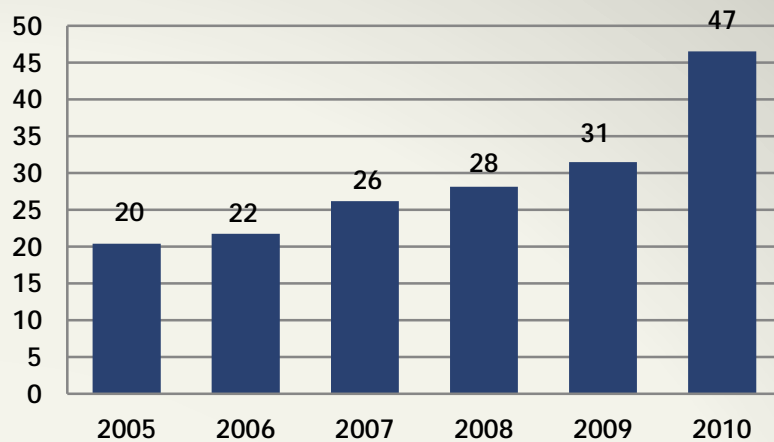




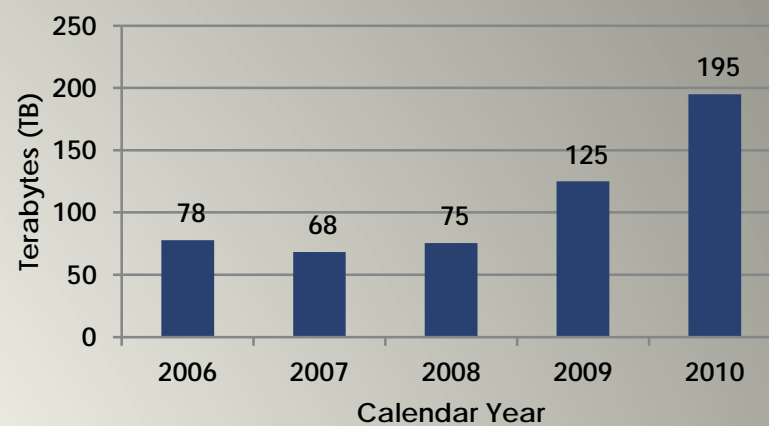
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# Efficiency Measures

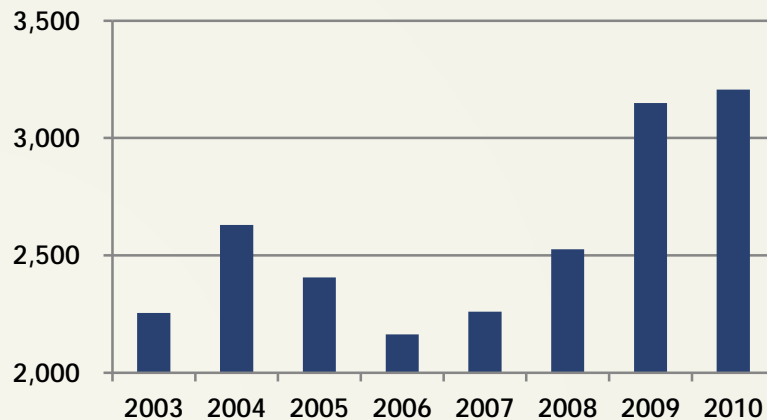
Servers Managed per FTE



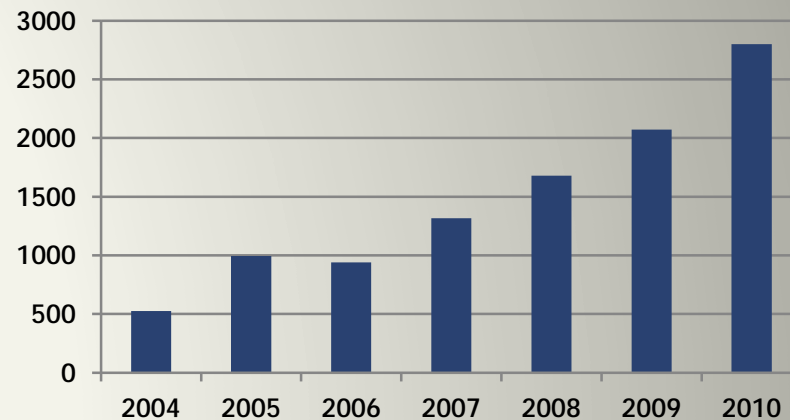
Storage Managed per FTE



Help Desk Contacts per FTE



PCs Managed per FTE







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# Peer Comparison

IT Peer Comparisons	UNI Rank	ISU Rank	UI Rank
<u>ITS funding</u> per faculty, staff and student	2 <sup>nd</sup> Most Efficient of 9 Peers Reporting	3 <sup>rd</sup> Most Efficient of 11 Peers Reporting	2 <sup>nd</sup> Most Efficient of 8 Peers Reporting
<u>Headcount</u> supported per FTE ITS worker	3 <sup>rd</sup> Most Efficient of 9 Peers Reporting	2 <sup>nd</sup> Most Efficient of 11 Peers Reporting	1 <sup>st</sup> Most Efficient of 8 Peers Reporting
<u>Computers</u> supported per FTE ITS worker	3 <sup>rd</sup> Most Efficient of 9 Peers Reporting	2 <sup>nd</sup> Most Efficient of 11 Peers Reporting	1 <sup>st</sup> Most Efficient of 9 Peers Reporting

# Conclusion

- IT at the Regents Universities is complex
- Efficiency has been a major focus
- Collaboration, where possible, is effective
- Trends and peer comparisons are positive

